

Message Text

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PAGE 01 SINGAP 05267 020615Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-10 NEA-10 IO-13 ISO-00 AGRE-00

COME-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AID-05 CIAE-00 INR-07 LAB-04 NSAE-00 OIC-02

SIL-01 STR-05 TRSE-00 CEA-01 SS-15 GSA-02 INT-05

/117 W

-----028516 021315Z /47

R 012345Z DEC 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9085

INFO AMEMBASSY BANGKOK

AMEMBASSY COLOMBO

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

USMISSION GENEVA

USEC BRUSSELS 162

C O N F I D E N T I A L SINGAPORE 5267

E.O. 11652: GDS

TAGS: EPAP, SN

SUBJECT: SINGAPORE RATIFIES RUBBER AGREEMENT

REF: SINGAPORE 3609

1. AFTER CONSIDERABLE POLITICAL PRESSURE EXERTED UPON IT BY OTHER ANRPC COUNTRIES, SINGAPORE HAS RELUCTANTLY BECOME LAST ANRPC MEMBER TO RATIFY INTERNATIONAL RUBBER AGREEMENT ON PRICE STABILIZATION, WHICH WILL NOW GO INTO EFFECT (SEE REFTEL. ACCORDING TO GNOH CHONG HOCK, EXECUTIVE SECRETARY OF RUBBER ASSOCIATION OF SINGAPORE (RAS), MEETING WILL BE HELD STARTING DECEMBER 20 IN SRI LANKA TO ORGANIZE SECRETARIAT AND FINANCES, AND FIRST COUNCIL MEETING WLL BE HELD IN KUALA LUMPUR IN MID-JANUARY. BOTH GOS AND RAS ARE MARKEDLY UN-ENTHUSIASTIC ABOUT AGREEMENT AND ITS PROSPECTS FOR ACCOMPLISHING STABILIZATION OBJECTIVES. THEY BELIEVE PLANNED STOCKPILE OF 100,000 TONS IS

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PAGE 02 SINGAP 05267 020615Z

FAR TOO SMALL AND THAT PRODUCER COUNTRIES ARE MUCH MORE INTERESTED IN FLOOR THAN IN CEILING PRICE. HIGH RUBBER PRICES, GNOH BELIEVES, WILL EVENTUALLY DRIVE CONSUMERS TO USING MORE SYNTHETICS. MORE IMMEDIATE PROBLEMS WILL BE FINDING HIGHLY COMPETENT, INCORRUPTIBLE STOCK MANAGER ESSENTIAL TO MAKE SCHEME WORK AT ALL. GNOH ALSO HAS LITTLE CONFIDENCE IN ABILITY OF YET TO BE ESTABLISHED SECRETARIAT TO MAINTAIN ABSOLUTE SECRECY

NEEDED TO AVOID SPECULATIVE TRADING BASED ON ADVANCE INFORMATION
LEAKED ON BUFFER STOCK MANAGER'S INTENTIONS.

2. COMMENT: WHILE ABOVE COMMENTS ARE JAUNDICED BY SINGAPORE'S LACK
OF INTEREST IN RUBBER PRICE STABILIZATION AND CONCERN OVER ANYTHING
THAT MIGHT UNDULY INTERFERE WITH A FREE MARKET, THEY SEEM TO
US TO RAISE THE RIGHT QUESTIONS. NEED FOR AND DIFFICULTY IN
FINDING BONA FIDE RUBBER MARKET EXPERT TO RUN STOCKPILE WAS
ALSO VOICED TO US BY LOCAL GOODYEAR REP, WHO ADDED THAT PRO-
BLEMS OF INDEXING AND WIDE RANGE OF NR GRADES WILL FURTHER
COMPLICATE STOCKPILE OPERATIONS.

3. SINGAPORE'S UNHAPPINESS MADE MORE ACUTE BY NEED TO CONTRIBUTE
SOME US\$8 MILLION TO FUND, AND THE ABSENCE THUS FAR OF AGREEMENT
BETWEEN GOS AND RAS ON THEIR RELATIVE SHARES. CHANCES ARE,
GNOH SAYS, THAT SPLIT WILL BE 50/50. HE NOTED THAT LARGE SHARE
OF RUBBER GOING THROUGH SINGAPORE IS TRADED BY COMPANIES THAT
ALSO DEAL IN OTHER PRODUCTS AND WHICH RESENT PAYING INTO
SCHEME THEY CONSIDER OF PROBABLE NEGATIVE VALUE TO THEM.

4. REAL PUSH BEHIND ANRPC SCHEME IS MALAYSIAN GOVERNMENT,
WHICH GNOH SAYS SEES IT AS FALL-BACK IN EVENT AGREEMENT ON
PRODUCER/CONSUMER UNCTAD RUBBER AGREEMENT RECENTLY DISCUSSED
IN GENEVA EITHER CANNOT BE REACHED OR IS INORDINATELY DELAYED.
GNOH ATTRIBUTES GOM'S CURRENT EAGERNESS TO MALAYSIAN POLITICS.
PRESENT GOVERNMENT RELIES ON SMALLHOLDER RUBBER GROWERS FOR
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PAGE 03 SINGAP 05267 020615Z

SUPPORT IN PRESENT POLITICAL CRISIS AND HAS PROMISED THEM THAT
RUBBER SCHEME WILL BE IN EFFECT IN EARLY 1978. (EMBASSY KUALA
LUMPUR MAY WISH TO COMMENT.)

5. GNOH MENTIONED THAT VIETNAM HAS EXPRESSED INTEREST IN
JOINING ANRPC, REPORTEDLY THROUGH FORMER PRIME MINISTER TUNKU
ABDUL RAHMAN. SOUTH VIETNAM HAD BEEN MEMBER.
HOLDRIDGE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SINGAP05267
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770447-0712
Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197712104/aaaadkqy.tel
Line Count: 102
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9bf0cefb-c188-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 SINGAPORE 3609
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 111970
Secure: OPEN
Status: NATIVE
Subject: SINGAPORE RATIFIES RUBBER AGREEMENT
TAGS: EPAP, SN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9bf0cefb-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009